

Corporate tax transparency: 2015 tax profile

Information pertaining to the ATO's 2014-15 Report of Entity Tax Information

The purpose of this document is to describe the income tax profile of Vicinity Centres (Vicinity) and more specifically, the income tax profile of Vicinity Limited as the corporate income taxpayer in Vicinity's structure. This report also details the income tax profile of Vicinity Holdings Limited (formerly Novion Limited), which was formerly a corporate income taxpayer until it was consolidated into the Vicinity Limited tax consolidated group during the 2015 financial year. This report is intended to supplement information already disclosed by the Australian Taxation Office (ATO) in its 2014-15 Report of Entity Information published on www.data.gov.au, pursuant to the tax transparency laws introduced in 2013.

Our approach to tax

Vicinity operates under a comprehensive tax risk management policy which is designed to ensure that it always conducts itself in a lawful manner with respect to all of its tax obligations. In carrying on its activities, Vicinity:

- has robust tax governance, with ongoing oversight from Vicinity's key executives, Audit Committee and Board of Directors
- has a low risk appetite and does not engage in aggressive tax planning and strategies
- is conservatively geared within a publicly disclosed range of 25% to 35%
- is wholly domestic, does not have any offshore subsidiaries and therefore has no related party cross-border transactions
- does not shift its profits to low-tax or zero-tax jurisdictions, and
- undertakes to comply with all of its statutory obligations in a timely and transparent manner.

Overall, Vicinity's tax culture and business practices are driven by our Vision and Values, and are consistent with our purpose of enriching the communities that we serve. Our approach is evidenced by Vicinity's early adoption of the Board of Taxation's voluntary Tax Transparency Code, which has been incorporated into the 2016 Annual Report available on our website (www.vicinity.com.au/investor-centre).

Vicinity values having good relations with all external stakeholders, including the ATO. Vicinity is working with the ATO in its Pre-Lodgement Compliance Review (PCR) program. Under the PCR Program, Vicinity engages with the ATO on a real-time basis so that, where possible, clearance of any tax issues and transactions occurs prior to the lodgement of Vicinity's annual income tax returns. Vicinity has a history of compliance, which is reflective of its approach and attitude towards the ATO.

Group structure

Vicinity has a dual stapled structure, with each stapled security comprising one share in a company (Vicinity Limited) and one unit in a trust (Vicinity Centres Trust).

Vicinity Limited, and its wholly-owned group of entities, which has included Vicinity Holdings Limited since June 2015, undertakes the business of managing Vicinity's shopping centre portfolio including property management, development management and responsible entity and trustee services for Vicinity Centres Trust (VCT), its sub-trusts and wholesale funds. Vicinity Limited also provides property and development management services for joint-owners of Vicinity's assets and other third parties.

VCT is a managed investment scheme regulated by the Australian Securities and Investments Commission (ASIC) under the *Corporations Act 2001 (Cth)*. VCT and its controlled trusts hold the real estate investments for Vicinity.

The stapling of companies to trusts to create Australian Real Estate Investment Trusts (AREITs), as in the case of Vicinity, is common in the Australian property industry. A stapled property group generally holds its real estate investments within a trust, while its management and other trading activities are held by the company. The structure provides investors the opportunity to invest in property through a regulated and managed scheme, while at the same time allowing investors to receive the benefits and efficiencies that result from property investment as if they held directly. These benefits extend to tax flow through status of the net income (including capital gains) of the trust so that this income is taxed in the hands of the investor.

Merger with Novion Property Group

Vicinity (then known as Federation Centres) merged with Novion Property Group (Novion) on 11 June 2015. Novion, similar to Vicinity, was structured as an AREIT with Vicinity Holdings Limited (then known as Novion Limited) stapled to Vicinity NVN Trust (then known as Novion Trust). Under the merger:

- Vicinity Limited acquired Vicinity Holdings Limited, with Vicinity Holdings Limited subsequently consolidated into the Vicinity Limited tax consolidated group;
- Vicinity Centres Trust acquired Vicinity NVN Trust; and
- Vicinity Holdings Limited and Vicinity NVN Trust were de-stapled.

Vicinity Holdings Limited's Entity Information for the 2015 financial year therefore reflects the period ended 11 June 2015 when it was not a part of Vicinity. Vicinity Holdings Limited's Entity Information for the period 12 June 2012 to 30 June 2015 is reflected within Vicinity Limited's information as it was a member of the Vicinity Limited tax consolidated group at this time.

ATO Public Disclosure of Entity Information

As company taxpayers with total income in excess of \$100 million for the 2015 financial year, Vicinity Limited and Vicinity Holdings Limited are required to have their tax information disclosed by the ATO in its Report of Entity Information published on www.data.gov.au. These disclosures are set out below.

Vicinity Limited – Report of Entity Information

For the year ended 30 June 2015

Name	Vicinity Limited	Name	Vicinity Holdings Limited
ABN	90 114 757 783	ABN	79 167 087 363
Total income	\$174,916,822	Total income	\$143,966,679
Taxable income	\$0	Taxable income	\$0
Income tax payable	\$0	Income tax payable	\$0

Due to losses incurred for both accounting and tax purposes, Vicinity Limited and Vicinity Holdings Limited did not pay income tax for the 2015 financial year. However, the taxable incomes from the property investments in their stapled trusts were taxed on a flow through basis in the hands of their investors.

In addition to the income tax paid by investors, Vicinity pays many other taxes relating to its property activities, including land taxes, stamp duties, council rates and fire levies, payroll taxes and fringe benefits taxes. Moreover, Vicinity assists with maintaining efficiency in the Australian tax system by collecting and remitting GST and withholding taxes to the ATO. Refer to <http://vicinity.com.au/media/529355/vicinity-tax-transparency-2016.pdf> for further details.

As Vicinity Limited and Vicinity Holdings Limited were in tax loss positions, the ATO has disclosed their taxable income and income tax payable labels as nil. This is consistent with the guidance released by the ATO on their website at www.ato.gov.au/Tax_transparency.

Contact us

For further information on this report, contact investor.relations@vicinity.com.au.

Disclaimer

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